INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
2.01	Agreement and Plan of Reorganization dated as of January 19, 1999 between the Registrant, At Home Corporation and Countdown Acquisition Corporation, which is incorporated herein by reference to the Registrant's Report on Form 8-K (File No. 000-28064) filed with the Commission on January 20, 1999.
10.01*	Employment Agreement with Mark Stevens, Executive Vice President, Business Affairs, dated as of January 15, 1999.
27.01	Financial Data Schedule for three months ended March 31, 1999 (EDGAR version only.)

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* Indicates a management contract or compensatory plan or arrangement.

EXHIBIT 10.01

{EXCITE LETTERHEAD}

January 15, 1999

TO MARK STEVENS
VIA HAND DELIVERY

Dear Mark:

I have been authorized to offer you the position of Executive Vice President, Business Affairs, reporting directly to George Bell at the present time and, after the consummation of the proposed Excite/@Home merger, reporting directly to Tom Jermoluk.

Your base salary will be $200,000 per year, payable semi-monthly. Your 1999 performance bonus target percentage will be 35% of the base salary actually paid to you by Excite in 1999; payment of your bonus and the ultimate percentage of paid base salary used to calculate the bonus will be based upon achievement of company, department and individual goals.

In addition to your salary and any bonuses, Excite's management will recommend that the Compensation Committee of Excite's Board of Directors approve an employee stock option grant of 250,000 shares of Excite's Common Stock. The Compensation Committee will set the exercise price of the options at fair market value, as determined by the Compensation Committee at the time of the grant. Theoptions will be subject to vesting at a rate of one-forty eighth (1/48) of the full amount of the grant for each full succeeding month of your employment over a period of four years. However, the recommended option grant described in this letter is not a promise of compensation nor is it intended to create any obligation on the part of Excite. Further details on Excite's Option Plan and any specific grant to you will be provided upon approval of such grant by the Compensation Committee.

In addition, as long as you remain a full-time employee of the company, Excite will provide you with a $1,000,000 loan, at the lowest prevailing applicable federal rate provided by the Internal Revenue Service at the time of the loan, which you can exercise at your discretion during your term of employment with Excite. If you elect to exercise this loan, you must give Excite thirty (30) days written notice. Your stock options will serve as collateral for the loan. Unless repaid earlier by you as described below, the principal amount will be due and payable as follows: (i) if you elect to end your employment with Excite for any reason and any amount of the principal remains unpaid at the conclusion of your employment with Excite, you will immediately repay the unpaid loan principal balance, and (iii) if Excite elects to end your employment for any reason and any amount of the principal remains unpaid at the conclusion of your employment with Excite, your repayment of the unpaid loan principal balance will be due within three (3) months thereafter. You may repay the principal balance prior to the end of your employment with Excite as follows: (i) in cash or (ii) on each 12-month anniversary of the loan date, one-fourth (1/4) of the unpaid loan principal balance will be forgiven, except to the extent that you exercise and sell any of your stock options during such year, in which case all post-tax proceeds from any such sale will be immediately applied to the outstanding principal amount until the principal amount is repaid in full. Interest on the loan will be due and payable to Excite on the last day of each 12-month period on any loan principal amount outstanding during that 12-month period.

You will be eligible to participate in Excite's group medical, dental, vision, life insurance and 401(k) plan as offered to all full time employees. You will also be eligible to participate in the employee stock purchase plan during the next enrollment period. If you accept this offer of employment, you will be given benefit plan documents, which will describe more fully these and other benefits of your employment with Excite.

If you accept this offer, your employment with Excite shall be "at will", which means that it is not for any specified period of time and can be terminated by yourself or Excite for any or no particular reason or cause and at any time with or without advance notice. Even though your job duties, title, compensation and benefits, as well as Excite's human resources policies and procedures, may change from time to time during your tenure with Excite, the "at will" nature of your employment is one aspect which may not be changed, except in an express writing signed by the President of Excite.

As a comprehensive Internet search and navigation network, Excite is involved in a wide variety of projects involving content from as many different sources on the Internet as possible. As a result, Excite cannot guarantee employees that they will not be exposed to some adult material, either through specific work assignments or due to the presence of such material in the work environment.

Any representations contrary to those contained in this letter which may have been made to you are superseded by this offer. If you accept this offer, the terms described in this letter constitute the terms of your employment with Excite.This offer of employment is contingent upon receipt of satisfactory proof of identification and work authorization as required by the Immigration Reform and Control Act, the return of a signed copy of this letter indicating your acceptance of our offer, and receipt of a signed copy of Excite's Employee Invention Agreement and Confidentiality Agreement on the first day of your employment.

Please indicate your acceptance of this offer by signing below. You should retain a copy of this offer letter for your records and return the original to me on or before your first day of employment. This offer expires on January 15, 1999.

Let me close by reaffirming our belief that the skills and background you bring to Excite will be instrumental to its future success. We look forward to you joining Excite.

Sincerely,

/s/ Chris M. Vail

Chris M. Vail
General Counsel
Excite, Inc.

I accept the offer of employment with Excite:

Signed: /s/ Mark Stevens   Date: January 15, 1999

Mark Stevens

Start Date: January 15, 1999

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This schedule contains summary financial information extracted from Excite, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1999 and is qualified in its entirety by reference to such financial statements.
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Total revenues	$29,787	$26,042	$3,745	14.4%

Total revenues on a reported basis increased 18.8% to $15,691 million and increased 14.4% to $29,787 million for the three and six-month periods ended June 30, 1999, respectively, compared with the respective prior year periods. Excluding AB&IS and AGNS, revenues increased 6.4% to $14,057 million for the second quarter of 1999 and increased 6.3% to $27,670 million for the first half of 1999 compared with the comparable prior year periods. The increases for both periods were due to growth in wireless services, business data services and AT&T Solution's outsourcing services, partially offset by lower consumer services revenues. Revenues on a pro forma basis, which include the results of AB&IS (adjusted to exclude all closed cable partnerships and Excite@Home) and the impact of the closed portions of AGNS for a full period in both 1999 and 1998, increased 6.7% for the second quarter of 1999 and increased 6.5% for the first half of 1999 compared with the corresponding prior year periods.

OPERATING EXPENSES

Dollars in millions	Three Months Ended June 30, 1999	1998	Six Months Ended June 30, 1999	1998
Access and other interconnection	$3,668	$3,894	$7,400	$7,830

Access and other interconnection expenses decreased $226 million, or 5.8%, to $3,668 million in the second quarter of 1999 compared with the second quarter of 1998. Access and other interconnection expenses decreased $430 million, or 5.5%, to $7,400 million in the first half of 1999 compared with the first half of 1998. The declines primarily relate to FCC-mandated access reform, lower negotiated international settlement rates and more efficient use of the network. Business long distance volume growth partially offset the decreases.

Dollars in millions	Three Months Ended June 30, 1999	1998	Six Months Ended June 30, 1999	1998
Network and other communications services	$3,774	$2,552	$6,646	$5,098

Network and other communications services expenses increased $1,222 million, or 47.9%, to $3,774 million in the second quarter of 1999 compared with the same period last year. Network and other communications services expenses increased $1,548 million, or 30.4%, to $6,646 million in the first half of 1999 compared with the same period last year. Excluding the impacts of AB&IS and AGNS, network and other communications services expenses increased 11.6% and 7.6% for the three and six-month periods ended June 30, 1999, respectively, compared with the same periods last year. These increases were primarily associated with the growing wireless subscriber base largely attributable to the success of AT&T Digital One Rate service which has resulted in higher off-network roaming charges and higher costs and volume of handsets. A portion of the increase was also due to growth in AT&T Solutions. For the year-to-date period, these increases were partially offset by lower nonincome taxes, lower per-call compensation expense due to a favorable FCC ruling in the first quarter of 1999 and a lower provision for uncollectibles for business and consumer services.

	Three Months Ended June 30,		Six Months Ended June 30,	
Dollars in millions	1999	1998	1999	1998
Amortization of goodwill and other purchased intangibles...............	$ 273	$ 66	$ 430	$ 126

Amortization of goodwill and other purchased intangibles increased $207 million, or 315.2%, from the second quarter of 1998 and increased $304 million, or 241.5%, for the six months ended June 30, 1999, compared with the same periods last year. The increases were primarily driven by the TCI acquisition. Other purchased intangibles arising from business combinations primarily include customer lists, franchise costs and licenses. AT&T also has amortization of goodwill associated with nonconsolidated investments recorded as a component of other income (expense) amounting to $152 million and $192 million for the three and six-month periods ended June 30, 1999, respectively, and $14 million and $29 million for the three and six-month periods ended June 30, 1998, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
Dollars in millions	1999	1998	1999	1998
Depreciation and other amortization..	$1,546	$1,067	$2,850	$2,074

Depreciation and other amortization expenses increased $479 million, or 44.8%, in the second quarter of 1999 and increased $776 million, or 37.4%, in the first half of 1999 compared with the corresponding prior year periods. Excluding AB&IS and AGNS, depreciation and other amortization expenses increased 22.1% and 21.7% for the three and six-month periods ended June 30, 1999, respectively, compared with the respective prior year periods. The increases were primarily due to growth in AT&T Group's depreciable asset base resulting from continued infrastructure investment throughout 1998. Capital expenditures were $3.0 billion for the three months ended June 30, 1999, and $4.4 billion for the six months ended June 30, 1999. The capital expenditures for both periods focused ondata, cable operations, wireless services and business local services.

Dollars in millions	Three Months Ended June 30, 1999	1998	Six Months Ended June 30, 1999	1998
Selling, general and administrative..	$3,461	$3,348	$6,618	$6,625

Selling, general and administrative (SG&A) expenses increased $113 million, or 3.4%, to $3,461 million in the second quarter of 1999 and decreased $7 million, or 0.1%, to $6,618 million for the first half of 1999 compared with the respective prior year periods. Excluding AB&IS and AGNS, SG&A expenses declined 8.2% for the second quarter of 1999 and declined 6.6% for the first half of 1999, versus the respective year-ago periods. These decreases were primarily due to savings from headcount reductions and other cost control initiatives.
Including AB&IS and AGNS, SG&A expenses as a percentage of revenues were 22.1% and 22.2% for the three and six-month periods ended June 30, 1999, respectively, compared with 25.3% and 25.4% in the year-ago periods. SG&A expenses excluding wireless services and the consumer local business as a percentage of revenues were 20.1% and 20.2% for the three and six-month periods ended June 30, 1999.

Dollars in millions	Three Months Ended June 30, 1999	1998	Six Months Ended June 30, 1999	1998
Restructuring and other charges, net.	$ (29)	$2,743	$ 702	$3,344

Restructuring and other charges, net were a pretax benefit of $29 million for the second quarter of 1999. The benefit included a $68 million pretax net gain primarily related to the exit of certain joint ventures that would have competed directly with the global venture AT&T is forming with British Telecommunications plc (BT). Also included was an $11 million pretax gain from the settlement of pension obligations from AT&T's voluntary retirement incentive program offer. Partially offsetting these gains was a $50 million pretax charge recorded in the second quarter of 1999 related to the estimated losses that are expected to result from a contribution agreement TCI entered into with Phoenixstar, Inc. (Phoenixstar), formerly Primestar, Inc., a previous equity investment. To the extent necessary, the company is required to satisfy certain liabilities of Phoenixstar. The remaining obligation under this contribution agreement which expires in 2001 is $26 million.

Second quarter 1998 restructuring and other charges, net of $2,743 million pretax, or a reduction of approximately $0.62 per diluted share, primarily related to charges associated with AT&T's voluntary retirement incentive program offer.

Restructuring and other charges, net for the six months ended June 30, 1999, were $702 million pretax, or a reduction of approximately $0.22 per diluted share. Included in this balance was an in-process research and development charge of $594 million pretax related to the TCI acquisition, a $128 million pretax net charge primarily related to the exit of certain joint ventures that would have competed directly with the global venture AT&T is forming with BT and the $50 million pretax charge related to the Phoenixstar agreement noted above. These charges were partially offset by a $70 million pretax gain related to the settlement of pension obligations for former employees who accepted AT&T's voluntary retirement incentive program offer. The in-process research and development projects related to TCI's efforts to offer voice over Internet protocol, cost savings efforts for cable telephony implementation and product integration efforts for advanced set-top devices that would enable TCI to offer next-generation digital services. Although there are significant technological issues to overcome in order to successfully complete the acquired in-process research and development, AT&T expects successful completion. AT&T currently anticipates that (i) it will deploy equipment to offer voice over Internet protocol to two cities in the year 2001, (ii) field deployable devices will be available by the end of the year with respect to

AT&T's cost savings efforts for cable telephony implementation, and (iii) field trials will begin in mid-year 2000 for next-generation digital services. If, however, AT&T is unable to establish technological feasibility and produce a commercially viable product/service, then anticipated incremental future cash flows attributable to expected profits from such new product/service may not be realized.

Restructuring and other charges, net for the six months ended June 30, 1998, were $3,344 million pretax, or a reduction of approximately $0.76 per diluted share. The charge is comprised of a first quarter 1999 pretax charge of $601 million which resulted from the decision not to pursue Total Service Resale as a local-service strategy as well as the second quarter $2,743 million net pretax charge primarily related to AT&T's voluntary retirement incentive program offer.

Dollars in millions	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Other income (expense)..............	$ (74)	$ 307	$ 75	$1,013

For the three months ended June 30, 1999, other income (expense) decreased $381 million, or 124.2%, to an expense of $74 million compared with $307 million of income in the second quarter of 1998. The decrease primarily resulted from equity losses and goodwill amortization associated with our nonconsolidated investments in Excite@Home and Cablevision. Also contributing to the decrease was a 1998 second quarter pretax gain of $103 million on the sale of SmarTone Telecommunications Holdings Limited (SmarTone) and higher interest income in 1998 on the proceeds received from the sale of Universal Card Services (UCS). These decreases were partially offset by an $88 million pretax gain on the sale of WOOD-TV in the second quarter of 1999.

Other income (expense) decreased $938 million, or 92.6%, to $75 million of income for the six months ended June 30, 1999, compared with $1,013 million of income in the first six months of 1998. The decrease was due primarily to 1998 pretax gains on the sales of AT&T Solutions Customer Care (ASCC) and LIN Television Corp. (LIN-TV) of $350 million and $317 million, respectively, and a pretax gain on the sale of SmarTone of $103 million. Also contributing to the decrease were equity losses and goodwill amortization associated with our nonconsolidated investments in Excite@Home and Cablevision. Partially offsetting these decreases was a 1999 first quarter gain on the sale of the AT&T Language Line Services business (Language Line) of $153 million pretax, and a 1999 second quarter gain on the sale of WOOD-TV of $88 million pretax.

Dollars in millions	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Interest expense	$ 459	$ 128	$ 649	$ 208

Interest expense increased $331 million, or 258.3%, in the second quarter of 1999 compared with the second quarter of 1998. For the six months ended June 30, 1999, interest expense increased $441 million, or 212.6%, compared with the six months ended June 30, 1998. These increases were primarily driven by a higher level of average debt outstanding associated with our acquisitions, partially offset by a lower average interest rate.

Dollars in millions	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Provision (benefit) for income taxes.	$ 877	$ (119)	$1,903	$ 626

The provision for income taxes for the second quarter of 1999 increased $996 million compared with the second quarter of 1998. The effective tax rate for the quarter was 35.6%, down from 42.9% in the second quarter of 1998. During the second quarter of 1999 a change in the net operating loss utilization tax rules resulted in a $75 million reduction in the current quarter income tax provision. Excluding the impacts of this change, as well as the second quarter 1998 restructuring charges, the effective tax rates in the second quarter of 1999 and 1998 were 38.6% and 37.7%, respectively. The increase in the rate was due primarily to higher non-tax deductible goodwill amortization in 1999 as well as the tax impacts of certain 1998 asset dispositions and foreign legal entity restructurings.

The provision for income taxes for the six months ended June 30, 1999, increased $1,277 million compared with the same period 1998. The effective tax rate for the six months ended June 30, 1999, was 41.7%, up from 35.7% for the first six months of 1998. In the first quarter of 1999, AT&T Group recorded a non-tax deductible in-process research and development charge, and accordingly, no tax benefit was recorded. Excluding the impacts of this charge, the change in the net operating loss utilization tax rules as well as the 1998 restructuring and other charges, the effective tax rates were 38.3% and 37.4% for the six months ended June 30, 1999 and 1998, respectively. The increase in the rate was due primarily to higher non-tax deductible goodwill amortization in 1999.

In April 1998 AT&T sold UCS for $3,500 million, resulting in an after-tax gain of $1,290 million, or $0.48 per share, reflected as "Gain on Sale of Discontinued Operations" in the accompanying consolidated statements of income.

	Three Months Ended June 30,		Six Months Ended June 30,	
Dollars in millions	1999	1998	1999	1998
Income available to AT&T shareowners.	$1,588	$1,129	$2,664	$2,424

Income available to AT&T shareowners increased $459 million, or 40.5%, to $1,588 million in the second quarter of 1999, driven by lower restructuring and other charges, increased income from operations attributable to higher revenues and an improved cost structure and the positive impact of changes in net operating loss utilization tax rules. These were partially offset by the gain on sale of discontinued operations in 1998 and the equity losses during the current period related to Excite@Home and Cablevision. Income available to AT&T shareowners increased $240 million, or 9.9%, to $2,664 million for the first half of 1999 driven by lower restructuring and other charges, increased income from operations attributable to higher revenues and an improved cost structure and the positive impact of changes in net operating loss utilization tax rules.These were partially offset by the gain on sale of discontinued operations in 1998, lower gains on sales of businesses in 1999 and the equity losses for the first half of the year related to Excite@Home and Cablevision.

AT&T GROUP SEGMENT RESULTS

Business Services

The business services segment results reflect sales of long distance and local voice and data services to business customers, including domestic and international, inbound and outbound, intra-LATA toll, calling card and operator-handled services and other network enabled services. This segment also includes electronic commerce and Internet-protocol (IP) for business customers such as Web site hosting and AT&T WorldNet business Internet access.

Consumer Services

The consumer services segment includes the results of providing telecommunications services to residential customers including domestic and international long distance services, intra-LATA toll services, calling-card and operator-handled calling services, and prepaid calling cards. In addition, this segment includes AT&T WorldNet residential Internet access service, noncable local services provided to residential customers and the costs associated with the development of fixed wireless technology.

Wireless Services

The results of this segment are comprised primarily of sales of wireless services and products to customers in AT&T Group's 850 MHz (cellular) and 1900 MHz (PCS) markets. The results of AT&T's former messaging business are included in 1998 results through October 2, when the unit was sold.

Broadband & Internet Services

This segment reflects operations associated with providing services through the broadband network acquired as a result of AT&T's merger with TCI. This includes the results associated with traditional analog video service, as well as new services, such as Digital Cable and AT&T@Home, a high-speed cable Internet access service. AT&T@Home, along with several other large cable operators, has a contract with Excite@Home, the operator of an Internet "backbone", over which we can provide high-speed cable Internet service. Also included in this segment are the operations associated with developing and refining the infrastructure that will support broadband telephony.

Other and Corporate

This group includes the results of AT&T Solutions (including AGNS), international operations and ventures, other corporate operations, overhead and eliminations.

The above segments reflect certain changes since the publication of our annual results due to changes in the way we manage our business. The business services segment was expanded to include the results of Teleport Communications Group Inc. (TCG) and the business portion of AT&T WorldNet Service; the consumer services segment was expanded to include the residential portion of AT&T WorldNet Service and the costs associated with the development of fixed wireless technology. All prior results have been restated to reflect these changes.

The discussion of segment results for AT&T Group generally includes revenues; earnings before interest and taxes, including other income (EBIT); earnings before interest, taxes, depreciation and amortization, including other income (EBITDA); capital additions and total assets. The discussion of EBITDA for AT&T Group's wireless services and broadband & Internet services segments is modifiedto exclude other income.

AT&T calculates EBIT as operating income plus other income and is a measure used by our chief operating decision-makers to measure AT&T's consolidated operating results and to measure segment profitability. Interest and taxes are generally not allocated to our segments because debt is managed and serviced and taxes are managed and calculated on a centralized basis. Trends in interest and taxes are discussed separately on a consolidated basis. Management believes EBIT is a meaningful measure to disclose to investors because it provides investors with an analysis of operating results using the same measures used by the chief operating decision-makers of AT&T, provides a return on total capitalization measure, and allows investors a means to evaluate the financial results of each segment in relation to consolidated AT&T. Our calculation of EBIT may or may not be consistent with the calculation of EBIT by other public companies, and EBIT should not be viewed by investors as an alternative to generally accepted accounting principles (GAAP) measures of income as a measure of performance or to cash flows from operating, investing and financing activities as a measure of liquidity.

EBITDA is also used by management as a measure of segment performance and is defined as EBIT plus depreciation and amortization. We believe it is meaningful to investors as a measure of each segment's liquidity and allows investors to evaluate a segment's liquidity using the same measure that is used by the chief operating decision-makers of AT&T. Consolidated EBITDA is also provided for comparison purposes. Our calculation of EBITDA may or may not be consistent with the calculation of EBITDA by other public companies and should not be viewed by investors as an alternative to GAAP measures of income as a measure of performance or to cash flows from operating, investing and financing activities as a measure of liquidity. In addition, EBITDA does not take into effect changes in certain assets and liabilities which can affect cash flow.

Total assets for each segment include all assets, except inter-entity receivables. Deferred taxes, prepaid pension assets, and corporate-owned or leased real estate are generally held at the corporate level and therefore are included in the other and corporate group. Shared network assets are allocated to the segments and reallocated each January, based on the prior two years' volumes of minutes used.

Capital additions for each segment include additions to property, plant and equipment and other long-lived assets including licenses, investments, franchise costs and capitalized software.

BUSINESS SERVICES

Dollars in millions	Three months ended June 30, 1999	1998	Change $	%
External revenues	$ 5,888	$ 5,680	$ 208	3.6%
Internal revenues	395	207	188	91.4%
Total revenues	6,283	5,887	396	6.7%
EBIT	1,459	1,119	340	30.4%
EBITDA	2,202	1,712	490	28.7%
OTHER ITEMS				
Capital additions	$ 1,603	$ 1,216	$ 387	31.7%

Dollars in millions	Six months ended June 30, 1999	1998	Change $	%
External revenues	$11,814	$11,238	$ 576	5.1%
Internal revenues	683	428	255	59.7%
Total revenues	12,497	11,666	831	7.1%
EBIT	3,026	2,243	783	34.9%
EBITDA	4,458	3,363	1,095	32.6%
OTHER ITEMS				
Capital additions	$ 2,495	$ 2,176	$ 319	14.6%

	At June 30, 1999	At Dec. 31, 1998	Change $	%
Total assets	$22,394	$21,415	$ 979	4.6%

REVENUES
Business services revenues increased 6.7% in the second quarter of 1999, and increased 7.1% for the first six months of 1999 compared with the prior year. The increase for the quarter was primarily driven by continued strength in data services and local voice services. The increase for the year-to-date period was primarily driven by data services, domestic long distance voice services and local voice services. Total calling volumes for both periods, including local services, increased about 25% over the prior year; excluding local services, volumes maintained a mid-teens growth rate for both periods.

Data services revenues increased by more than 20% for the quarter and year-to-date periods led by continued growth in frame relay and high-speed private line services partly due to continued customer demand for high-bandwidth (OC-X) capabilities. The data services growth was augmented by significant growth in IP services such as WorldNet and virtual private network services to business customers. Data growth was approximately 20% for the second quarter of 1999 compared with the prior year second quarter when adjusted for AT&T's frame relay service interruption in April 1998.

Long distance voice revenues grew at a low-single-digit rate for the secondquarter and for the first six months of 1999. Strong volume increases were partially offset by a declining average price per minute. Average price per minute has been negatively impacted by the competitive forces within the industry which we expect to continue. In addition, price per minute has been negatively impacted by changes in product mix.

Local voice service revenues, which included domestic ACC revenues since its acquisition in April, 1998, grew over 45% in the second quarter and grew over 65% for the first half of 1999, compared with the corresponding prior year periods. AT&T's integrated business local operations, including AT&T Digital Link, added approximately 105 thousand access lines in the second quarter, bringing total access lines in service to approximately 868 thousand as of June 30, 1999. AT&T serves 26,723 buildings in 87 metropolitan statistical areas (MSAs), up from 16,537 a year ago, with over 20% of the buildings on-net.

Internal revenues increased 91.4% and 59.7% for the three and six months ended June 30, 1999, respectively. The increases were due to higher sales of business long distance services to other AT&T units, primarily AT&T Solutions and wireless services, for resale to AT&T Solutions and wireless services customers.

EBIT/EBITDA
EBIT and EBITDA for business services increased to $1,459 million, or 30.4%, and to $2,202 million, or 28.7%, respectively, in the second quarter of 1999 compared with the year-ago quarter. EBIT and EBITDA for business services increased to $3,026 million, or 34.9%, and to $4,458 million, or 32.6%, respectively, for the first six months of 1999 compared with the prior year. The increases were due to revenue growth and associated margin improvement.

OTHER ITEMS
Capital additions for business services increased $387 million, or 31.7%, for the second quarter of 1999 compared with the second quarter of 1998. Capital additions increased $319 million, or 14.6%, for the first half of 1999 compared with the first half of 1998. The increase for both periods was primarily driven by the expansion of SONET, in support of data and IP, and business local, partially offset by lower capital spending on circuit switched equipment.

Total assets increased $979 million, or 4.6%, to $22,394 million at June 30, 1999, compared with December 31, 1998, primarily due to an increase in property, plant and equipment as a result of capital additions and increased accounts receivable associated with higher revenues.

CONSUMER SERVICES

	Three months ended June 30,		Change	
Dollars in millions	1999	1998	$	%
Revenues............................	$ 5,504	$ 5,695	$(191)	(3.4)%
EBIT................................	1,851	1,540	311	20.2%
EBITDA..............................	2,062	1,715	347	20.3%
OTHER ITEMS				
Capital additions...................	$ 151	$ 81	$ 70	87.2%

	Six months ended June 30,		Change	
Dollars in millions	1999	1998	$	%

Revenues	$10,990	$11,375	$(385)	(3.4)%
EBIT	3,717	2,845	872	30.7%
EBITDA	4,142	3,196	946	29.6%
OTHER ITEMS				
Capital additions	$ 258	$ 199	$ 59	30.0%

	At June 30, 1999	At Dec. 31, 1998	Change $	%
Total assets	$ 6,687	$ 6,561	$ 126	1.9%

REVENUES

Consumer services revenues decreased 3.4% for both the three and six-month periods ended June 30, 1999, compared with the same periods last year. Excluding AT&T WorldNet services, revenues were down 3.9% and 3.8% for the three and six-month periods ended June 30, 1999, respectively, while long distance calling volumes declined at a mid-single-digit rate for both periods. These results reflect the competitive nature of the consumer long distance industry, and the continued impact of AT&T's strategy to migrate higher-usage customers to optional calling plans in order to optimize the customer base for future growth.

Two key elements of AT&T's strategy are to grow revenues through transaction services and to bundle services to attract and retain high usage customers. AT&T's transaction services continue to grow rapidly led by prepaid services, whose growth in the second quarter was enhanced by the acquisition of certain assets of SmarTalk TeleServices (SmartTalk). AT&T's bundled offer, AT&T Personal Network Service, offers long distance, wireless, calling card, and personal 800 services at a single rate per minute, plus WorldNet Internet access, all on one integrated bill. Personal Network has seen a positive response since introduction in the first quarter of 1999 and now has nearly 250,000 subscribers.

Consumer WorldNet services revenues increased 55.0% in the second quarter of 1999 over the year-ago quarter to $76 million. Revenues increased 48.1% for the first half of 1999 to $141 million compared with the first half of 1998. AT&T WorldNet services now serves approximately 1.5 million residential subscribers, an increase of 45% from a year ago.

EBIT/EBITDAEBIT and EBITDA for consumer services increased 20.2% and 20.3%, respectively, in the second quarter of 1999 compared with the second quarter of last year and increased 30.7% and 29.6%, respectively, for the first half of 1999 compared with the first half of last year. EBIT and EBITDA for consumer services excluding the first quarter gain on the sale of Language Line increased 25.3% and 24.8%, respectively, for the first half of 1999 over the same period last year. The increases for both the quarter and year-to-date periods excluding the gain on the sale of Language Line were driven primarily by lower negotiated settlement rates and cost reduction efforts, primarily in marketing spending.

OTHER ITEMS

Capital additions for consumer services increased $70 million, or 87.2%, for the second quarter of 1999 compared with the second quarter of 1998. The increase was primarily due to greater capital expenditures to expand AT&T's network infrastructure. Capital additions increased $59 million, or 30.0%, for the first half of 1999 compared with the first half of 1998. The increase was primarily due to increased capitalized software and greater capital expenditures to expand AT&T's network infrastructure.

Total assets increased $126 million, or 1.9%, to $6,687 million primarily associated with the purchase of SmartTalk in the first quarter.

WIRELESS SERVICES

	Three months ended June 30,		Change	
Dollars in millions	1999	1998	$	%
Revenues............................	$ 1,878	$ 1,313	$ 565	43.1%
EBIT................................	52	199	(147)	(73.7)%
EBITDA excluding other income.......	329	278	51	18.3%
OTHER ITEMS				
Capital additions...................	$ 655	$ 247	$ 408	164.8%

	Six months ended June 30,		Change	
Dollars in millions	1999	1998	$	%
Revenues............................	$ 3,440	$ 2,477	$ 963	38.9%
EBIT................................	24	214	(190)	(88.7)%
EBITDA excluding other income.......	531	486	45	9.2%

OTHER ITEMS

Capital additions..................	$ 817	$ 395	$ 422	106.6%
	At June 30, 1999	At Dec. 31, 1998	Change $	%
Total assets........................	$21,388	$19,115	$2,273	11.9%

REVENUES

Wireless services revenues increased $565 million, or 43.1%, in the second quarter of 1999, and increased $963 million, or 38.9%, for the first half of 1999 compared with same periods last year. Wireless services 1999 results include Vanguard Cellular Systems (Vanguard) since its acquisition on May 3, 1999, and 1998 results include our messaging business until the sale date of October 2, 1998. Adjusted to exclude both Vanguard and our messaging business,revenues grew 42.4% and 41.3% for the three and six-month periods ended June 30, 1999, respectively, compared with the prior year periods. The growth for both periods was driven by the continued successful execution of AT&T's wireless strategy of targeting and retaining high-value subscribers, expanding the national wireless footprint, focusing on digital service, and offering simple rate plans. AT&T's Digital One Rate service leverages all of the elements of the wireless strategy and continues to generate significant revenue growth and contribute positively to EBITDA. The number of AT&T Digital One Rate service subscribers grew to nearly 1.5 million in the second quarter of 1999, with over 80% of the net additions representing new wireless customers for AT&T. In addition, during the quarter, AT&T introduced Group Calling for business, which offers simplicity and value with unlimited calling for a flat fee for "closed user groups".

AT&T continues to experience strong growth in wireless subscribers and net subscriber additions. Consolidated net additions increased 45.5% in the second quarter of 1999 versus the second quarter of 1998 to over 473 thousand, bringing consolidated subscribers, including approximately 700 thousand subscribers from our acquisition of Vanguard, to a total of approximately 8.8 million at June 30, 1999, up 35.4% from a year ago and up 15.9% from one quarter ago. Total subscribers, including partnership markets in which AT&T does not own a controlling interest, exceeded 11 million in the second quarter.

AT&T's focus on high-value subscribers has helped generate rising usage

by
customers and increased quarterly average revenue per user (ARPU). ARPU across
all of AT&T's wireless markets was $66.2 in the second quarter, an increase of
15.3% from the second quarter of 1998 and a 9.2% increase from the first quarter
of 1999. This represents the third consecutive quarter ARPU has increased over
the prior year.

We continue to rapidly migrate customers to digital service, generating more
efficient use of the network while also reducing customer churn. At the end of
the second quarter, 69.0% of AT&T's 8.8 million consolidated subscribers were on
digital service, up from 45.2% one year ago and up from 67.3% one quarter ago.

EBIT/EBITDA EXCLUDING OTHER INCOME
EBIT was $52 million and $24 million for the three and six months ended June 30,
1999, respectively, representing decreases of 73.7% and 88.7% over the year ago
periods. The EBIT decline for both periods was primarily due to increased costs
from higher off-network roaming expenses, and increased customer acquisition
costs associated with the high growth of subscriber additions. In addition, EBIT
was also impacted by higher other income in 1998 due to the second quarter gain
on the sale of SmarTone. EBITDA excluding other income was $329 million and $531
million, for the three and six months ended June 30, 1999, respectively,
representing increases of 18.3% and 9.2% over the year ago periods. The
improvement for both periods was the result of revenue growth, partially offset
by increased costs from higher off-network roaming expenses and greater customer
acquisition costs associated with the high growth of subscriber additions.

Off-network roaming expenses continued to negatively impact results, but have
been favorably impacted as a result of aggressively capturing more minutes on
the AT&T network as well as reducing intercarrier roaming rates. AT&T continues
to address off-network usage through capital expansion, acquisitions and
affiliate launches. Capital expansion is underway within existing and new
markets, including Columbus, Ohio; Omaha, Nebraska; San Diego, California and
certain Connecticut cities. In May 1999, AT&T completed it merger with Vanguard,
adding more than 700 thousand subscribers and increasing AT&T's wireless
coverage in suburban and rural markets in the Ohio Valley and Northeastern U.S.
In addition, the announced acquisition of Honolulu Cellular closed on August 2,
1999. Partnership affiliations with Cincinnati Bell Wireless, Triton, Telecorp
and Tritel further expand AT&T's Time Division Multiple Access (TDMA)

footprint.Intercarrier roaming rates have also declined as a result of renegotiated roaming agreements and the deployment of Intelligent Roaming Database (IRDB) technology, which assists in identifying favorable roaming partners in areas not included in our wireless network.

OTHER ITEMS
Capital additions increased $408 million, or 164.8%, in the second quarter of 1999, compared with the second quarter of 1998. Capital additions increased $422 million, or 106.6% in the first half of 1999, compared with the first half of 1998. These increases were the result of additional spending to upgrade and increase capacity in existing markets.

Total assets increased $2,273 million, or 11.9%, to $21,388 million at June 30, 1999, from December 31, 1998. The increase was due primarily to increases in goodwill, property, plant and equipment and licensing costs associated with our acquisitions of Vanguard and Bakersfield Cellular. In addition, accounts receivable were higher partially attributable to increased revenues.

BROADBAND & INTERNET SERVICES

Dollars in millions	Three months ended June 30, 1999	Date of acquisition through June 30, 1999
Revenues............................	$1,419	$ 1,902
EBIT................................	(475)	(1,121)
EBITDA excluding other income.......	266	(126)
OTHER ITEMS		
Capital additions...................	$ 838	$ 1,148

	At June 30, 1999
Total assets........................	$42,837

REVENUES
Revenues were $1,419 million for the second quarter of 1999 and were $1,902 million from the date of acquisition of TCI through June 30, 1999.

Broadband & Internet services ended the second quarter of 1999 with 11.3 million basic cable customers and 1.4 million Digital Cable customers. The high-speed cable Internet service, AT&T@Home, had approximately 83,000 customers at the end of the second quarter, compared with 52,000 at the end of the first quarter.

Major markets served by AT&T's broadband network currently include Chicago, the

San Francisco Bay Area, Seattle/Tacoma, Denver, Portland and Dallas, among others. AT&T continues to enhance and refine its broadband footprint through a series of recently announced transactions, including MediaOne, Comcast Corporation (Comcast), Lenfest Communications, Inc. (LCI), Cox Communications, Inc. as well as other affiliates.

EBIT/EBITDA EXCLUDING OTHER INCOME
EBIT was a deficit of $475 million for the second quarter of 1999 and a deficit of $1,121 million since acquisition in early March of 1999. EBITDA excluding other income was $266 million for the second quarter of 1999 and a deficit of $126 million since acquisition. Included in AB&IS results was a $594 million first quarter 1999 charge for in-process research and development and a second quarter 1999 charge of $50 million related to a contribution agreement entered into by TCI to satisfy certain liabilities of Phoenixstar.OTHER ITEMS
Total assets were $42,837 million at June 30, 1999.

Capital additions were $838 million for the second quarter of 1999 and $1,148 million since the date of acquisition through June 30, 1999, comprised primarily of spending on cable distribution systems.

OTHER AND CORPORATE

Dollars in millions	Three months ended June 30, 1999	1998	Change $	%
Revenues...........................	607	316	291	91.7%
EBIT................................	37	(3,010)	3,047	101.2%
EBITDA..............................	202	(2,903)	3,105	107.0%
OTHER ITEMS				
Capital additions..................	$ 181	$ 168	$ 13	8.1%

Dollars in millions	Six months ended June 30, 1999	1998	Change $	%
Revenues...........................	958	524	434	82.8%
EBIT................................	(430)	(3,344)	2,914	87.1%
EBITDA..............................	(140)	(3,108)	2,968	95.5%
OTHER ITEMS				
Capital additions..................	$ 545	$ 258	$ 287	109.9%

	At June 30, 1999	At Dec. 31, 1998	Change $	Change %
Total assets........................	$16,646	$12,459	$ 4,187	33.6%

REVENUES

Revenues for the second quarter of 1999 excluding the impacts of the AGNS acquisition were $392 million, an increase of 23.8% from the same quarter a year ago. Revenues for the first half of 1999 excluding the impacts of the AGNS acquisition were $743 million, an increase of 41.7% compared with the first half of last year. Revenue growth for both periods was primarily driven by AT&T Solutions as a result of the continued strength of the outsourcing business. International operations and ventures also contributed to the revenue growth primarily due to an increase in reorigination and transit revenues. These increases were partially offset by an increase in the elimination of intercompany revenues. Additionally, revenue growth for the year-to-date period was partially offset by the sale of ASCC in March 1998.

The elimination of revenues and profit generated by the sale of services between business segments is primarily a result of the sale of business long distance services to other AT&T units. Revenues eliminated in the second quarter were $401 million, an increase of 85.2% from the second quarter of 1998 and were $697 million for the first six months of 1999, an increase of 40.6% over the sameperiod last year. The increases over 1998 were primarily due to business services sales to AT&T Solutions and wireless services.

EBIT/EBITDA

EBIT and EBITDA were $37 million and $202 million for the second quarter of 1999, representing increases of 101.2% and 107.0%, respectively, over the second quarter of 1998. EBIT and EBITDA were deficits of $430 million and $140 million, respectively, for the first half of 1999 compared with deficits of $3,344 million and $3,108 million in the same period of 1998. Excluding restructuring and other charges for both periods and the second quarter 1999 gain on the sale of WOOD-TV and first quarter 1998 gains on the sales of ASCC and LIN-TV, EBIT was a deficit of $130 million and EBITDA was $35 million for the second quarter of 1999, an improvement of 51.6% and 122.6%, respectively, over the comparable prior year period. EBIT was a deficit of $460 million and EBITDA was a deficit of $170 million for the first half of 1999 on this same basis, an improvement of 31.2% and 60.8%, respectively, over the comparable prior year period. The improvements for both periods were primarily due to lower corporate expenses driven by cost cutting initiatives such as headcount reductions. Additionally, the year-to-date improvement was impacted by lower equity losses for international partnerships and ventures. The increases for both periods were partially offset by higher interest income in 1998.

OTHER ITEMS
Capital additions were essentially flat in the second quarter of 1999 compared with the second quarter of last year. Capital additions increased $287 million, or 109.9% for the first six months of 1999 compared with the first six months of 1998 primarily due to increased investments in nonconsolidated subsidiaries.

Total assets at June 30, 1999, were $16,646 million compared with $12,459 million at December 31, 1998, which represents a 33.6% increase. The increase was primarily due to goodwill associated with the acquisition of the IBM Global Network.

AT&T SOLUTIONS
AT&T Solutions is our outsourcing, network-management and professional-services business. AT&T Solutions is comprised of the Solutions outsourcing unit, the internal AT&T Information Technology Services unit, and the recently acquired portions of the IBM Global Network. During the second quarter, AT&T completed the US, Japan, Ireland, and UK portions of the IBM acquisition and renamed the unit AT&T Global Network Services (AGNS). The results of AT&T Solutions are included in the other and corporate group.

	Three months ended June 30,		Change	
Dollars in millions	1999	1998	$	%
Revenues	$ 663	$ 254	$ 409	161.3%
EBIT	(18)	5	(23)	(475.1)%
EBITDA	95	73	22	29.4%
OTHER ITEMS				
Capital additions	$ 65	$ 34	$ 31	94.1%

	Six months ended June 30,		Change	
Dollars in millions	1999	1998	$	%
Revenues	$1,006	$ 480	$ 526	109.4%
EBIT	(7)	(4)	(3)	(66.4)%
EBITDA	179	131	48	37.0%

OTHER ITEMS

Capital additions..................	$ 76	$ 57	$ 19	34.3%

	At June 30, 1999	At Dec. 31, 1998	Change $	%
Total assets.......................	$5,395	$1,023	$4,372	427.3%

REVENUES

AT&T Solutions grew revenues 161.3% for the second quarter of 1999 and 109.4% for the first six months of 1999 compared with the corresponding prior year periods. Excluding the impact of AGNS, revenues grew 49.8% for the quarter and 50.5% for the first six months of 1999. The growth for both periods was the result of continued strength in outsourcing services. In addition, AT&T Solutions manages AT&T's internal network infrastructure and generated approximately $423 million and $852 million in internal billings in the second quarter and for the first six months of 1999, respectively, which were recorded as a reduction to AT&T Solutions' expenses (cost recovery).

AT&T Solutions, with more than 30,000 clients, including IBM, CitiGroup, McGraw-Hill, Bank One, United Health Group, Textron, J.P. Morgan, Merrill Lynch, and MasterCard International, has the potential for more than $11 billion in outsourcing revenues over the life of the signed contracts. During the quarter, AT&T Solutions also added Safeco, American Century and Teachers Insurance and Annuity Association as clients.

EBIT/EBITDA

Excluding the impact of AGNS, EBIT and EBITDA were $10 million and $82 million for the second quarter of 1999, respectively, an improvement over $5 million and $73 million reported in the corresponding prior year quarter. EBIT and EBITDA were $21 million and $166 million on this basis for the first half of 1999, an improvement over a deficit of $4 million and a positive $131 million in the first half of 1998. The improvement for both periods was primarily due to revenue growth in the existing AT&T Solutions' outsourcing unit partially offset by higher expenses driven by the higher revenues.

OTHER ITEMS

Capital additions for the second quarter of 1999 were $65 million, an increaseof 94.1% over the second quarter of 1998. Capital additions for the first six months of 1999 were $76 million, an increase of 34.3% over the corresponding prior year period. The increases were primarily due to the addition of client support equipment.

Total assets increased $4,372 million, or 427.3%, from December 31, 1998, due primarily to goodwill associated with the acquisition of the IBM Global Network.

INTERNATIONAL OPERATIONS AND VENTURES

International operations and ventures include consolidated foreign operations such as AT&T Communications Services UK (Comms UK), ACC, transit and reorigination businesses and international online services. The equity earnings or losses of AT&T's nonconsolidated international joint ventures and alliances, such as Alestra in Mexico and AT&T Canada Corp. are also included. As of June 1, 1999, AT&T Canada Corp. completed its merger with MetroNet Communication Corp. (MetroNet), Canada's largest facilities-based competitive local exchange carrier (CLEC). AT&T now owns 31% of the combined company, AT&T Canada, and continues to account for its ownership as an equity investment. These results do not include bilateral international long distance traffic, which is reflected in business services and consumer services, as appropriate. The results of international operations and ventures are included in the other and corporate group.

	Three months ended June 30,		Change	
Dollars in millions	1999	1998	$	%
Revenues..............................	$ 333	$ 272	$ 61	22.2%
EBIT..................................	60	(63)	123	195.7%
EBITDA................................	79	(42)	121	287.1%
OTHER ITEMS				
Capital additions.....................	$ 42	$ 34	$ 8	21.8%

	Six months ended June 30,		Change	
Dollars in millions	1999	1998	$	%
Revenues..............................	$ 625	$ 451	$174	38.7%
EBIT..................................	(189)	(126)	(63)	(49.8)%
EBITDA................................	(151)	(88)	(63)	(71.8)%
OTHER ITEMS				
Capital additions.....................	$ 357	$ 65	$292	454.4%

	At June 30, 1999	At Dec. 31, 1998	Change $	%

Total assets........................	$2,599	$1,915	$684	35.8%

REVENUES

Revenues grew 22.2% in the second quarter of 1999 to $333 million and grew 38.7% to $625 million in the first six months of 1999 compared with the respective prior year periods. Revenue growth for both periods was led by reorigination and transit/interconnection due to increased demand and the addition of new traffic routes. The growth for the year-to-date period was also impacted by improvements in frame relay and wholesale growth, and the purchase of ACC in April 1998.

EBIT/EBITDAEBIT and EBITDA improved in the second quarter of 1999 by $123 million and $121 million, respectively, compared with the corresponding prior year periods due primarily to a net gain related to the exit of certain joint ventures that would have competed directly with the global venture AT&T is forming with BT. Excluding the net gain, EBIT and EBITDA improved in the second quarter of 1999 by $55 million and $53 million, respectively, due primarily to improving financial performance in our nonconsolidated ventures and alliances, strong revenues and volume growth in reorigination and transit/interconnect services and cost reduction efforts.

EBIT and EBITDA each declined in the first half of 1999 by $63 million to deficits of $189 million and $151 million, respectively. The declines were due primarily to the 1999 net charge related to the exit of joint ventures that would have competed directly with the global venture AT&T is forming with BT. Excluding the charges, EBIT and EBITDA improved during the period by $65 million each, due primarily to improving financial performance in ventures and alliances, strong revenues and volume growth in reorigination and transit/interconnect services, improved performance in the frame relay and wholesale arenas and cost reduction efforts.

OTHER ITEMS

Capital additions were essentially flat for the second quarter of 1999 and increased $292 million for the first six months of 1999, compared with the same periods last year. The increases were primarily due to increased investments in nonconsolidated subsidiaries.

Total assets were $2,599 million at June 30, 1999, compared with $1,915 million at December 31, 1998. The increase was primarily driven by an increase in goodwill due to our investment in AT&T Canada, additional investments in consolidated subsidiaries and a higher cash balance associated with the gain on sale of non-strategic investments in the second quarter.

LIBERTY MEDIA GROUP RESULTS

Liberty Media Group produces, acquires and distributes entertainment, educational and informational programming services through all available formats and media. Liberty Media Group is also engaged in electronic retailing services, direct marketing services, advertising sales relating to programming services, infomercials and transaction processing. Although Liberty Media Group is wholly owned by AT&T, it is accounted for as an equity investment in the accompanying consolidated financial statements since AT&T does not have a controlling financial interest in Liberty Media Group. Equity losses from Liberty Media Group were $543 million for the second quarter of 1999 and $601 million for the period from the date of acquisition through June 30, 1999.

LIQUIDITY

Dollars in Millions	Six months ended June 30, 1999	1998
CASH FLOW OF CONTINUING OPERATIONS:		
Provided by operating activities.............	$ 3,401	$ 4,032
(Used in) provided by investing activities....	(16,390)	8,428
Provided by (used in) financing activities....	10,247	(5,025)
EBITDA*	$ 8,689	$ 4,187

* Earnings before interest, taxes, depreciation and amortization (EBITDA) for the first six months of 1999 includes restructuring and other charges, net of $702 million, a $153 million pretax gain on the sale of Language Line and an $88 million pretax gain on the sale of WOOD-TV. EBITDA for the first six months of 1998 includes restructuring and other charges, net of $3,344 million, pretax gains from the sales of ASCC of $350 million, LIN-TV of $317 million and SmarTone of $103 million. EBITDA excludes the results of Liberty Media Group.

Net cash provided by operating activities of continuing operations for the six months ended June 30, 1999, was $3,401 million. This represents a decrease of $631 million compared with the first six months of 1998. The decrease was driven primarily by an increase in the 1999 tax payments of approximately $1.4 billion primarily related to the gain on the sale of UCS and an increase in accounts receivable, partially offset by an increase in operating net income excluding depreciation and amortization.

AT&T's investing activities resulted in a net use of cash of $16,390 million in the first half of 1999 compared with a net source of cash of $8,428 million in the first half of 1998. During the first six months of 1999, AT&T transferred $5.5 billion of cash to Liberty Media Group, used $5.1 billion for capital expenditures, purchased portions of the IBM Global Network for $4.2 billion and loaned $1.5 billion to MediaOne to pay termination fees to Comcast. During the first half of 1998, we received $5.7 billion as a settlement of a receivable in conjunction with the sale of UCS as well as $3.5 billion in proceeds from the sale. We also received a total of $1.6 billion in proceeds from the sales of LIN-TV, ASCC and SmarTone in the first half of 1998. Our capital spending of $3.4 billion was the primary use of cash in the first six months of 1998.

During the first half of 1999, the net cash provided by financing activities was $10,247 million compared with cash used in financing activities of $5,025 million in the first half of 1998. During the first half of 1999, AT&T received $7.9 billion of cash from a March 1999 bond issuance, $5.0 billion from the issuance of convertible securities and warrants to Microsoft Corporation (Microsoft) and $3.3 billion from the issuance of commercial paper. From this, $3.9 billion was used to fund the share repurchase program, $2.0 billion was used to retire commercial paper and other short-term debt and $1.3 billion was used to pay dividends on common stock. In the first half of 1998, cash used in financing activities was largely attributable to the pay down of commercial paper.

EBITDA is a measure of our ability to generate cash flow and should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with generally accepted accounting principles. EBITDA increased $4,501 million, or 107.5%, for the six months ended June 30, 1999, compared with the same period in 1998. Excluding AB&IS, AGNS, the restructuring and other charges, and gains on sales of businesses in 1999 and 1998, EBITDA increased 31.3% to $8,875 million in the first six months of 1999 from $6,761 million for the first six months of 1998. The increase was primarily due to increased revenues in business services and cost reductions in consumer services and corporate overhead.

EURO CONVERSION

On January 1, 1999, certain members of the European Union established fixed conversion rates between their existing currencies and the European Union's currency (Euro). The transition period is anticipated to extend between

January 1, 1999, and July 1, 2002. We have assessed the impact of the conversion on information-technology systems, currency exchange rate risk, derivatives and other financial instruments, continuity of material contracts as well as income tax and accounting issues. We do not expect the conversion during the transition period to have a material effect on our consolidated financial statements.

FINANCIAL CONDITION

Total assets increased $85,688 million, or 143.9%, to $145,238 million at June 30, 1999, compared with December 31, 1998. The increase in total assets was due primarily to our acquisition of TCI, which resulted in an investment in Liberty Media Group of $35 billion, increased goodwill, and an increase in other investments including Cablevision, Excite@Home and Lenfest Communications, Inc. The acquisition of TCI also resulted in the addition of over $6 billion to property, plant and equipment. Other assets also increased by $1.5 millionrepresenting the Comcast break-up fee loaned to MediaOne by AT&T. In addition, we recognized goodwill related to our acquisition of the IBM Global Network. These increases were partially offset by a net decrease in cash, which was used to partially fund the first quarter share repurchase, capital expenditures during the period and the acquisition of the IBM Global Network.

Total liabilities increased $29,070 million, or 85.7%, to $62,989 million at June 30, 1999, compared with December 31, 1998. The increase was due primarily to the acquisition of TCI, particularly debt and deferred income taxes, an $8.0 billion bond offering and the issuance of commercial paper.

In addition, AT&T issued $5.0 billion of quarterly convertible income preferred securities (recorded net of a $0.3 million discount) to Microsoft.

Total shareowners' equity increased $47,966 million, or 187.9%, to $73,488 million at June 30, 1999, compared with December 31, 1998. The increase was due primarily to the issuance of shares related to the TCI acquisition, partially offset by shares repurchased.

AT&T Group's ratio of total debt to total capital at June 30, 1999, was 41.9% compared with 20.9% at December 31, 1998. Equity includes the $5 billion convertible securities issued to Microsoft and debt includes $1.7 billion of non-convertible securities issued by TCI's subsidiary trusts. The increase was primarily driven by an increase in debt associated with the TCI merger and an $8 billion bond issuance in March 1999, partially offset by a higher equity base. AT&T Group's net debt-to-operational EBITDA was 1.65X at June 30, 1999, compared with 0.24X at December 31, 1998.

RISK MANAGEMENT

We are exposed to market risk from changes in interest and foreign exchange rates. On a limited basis we use certain derivative financial instruments, including interest rate swaps, options, forwards and other derivative contracts to manage these risks. We do not use financial instruments for trading or speculative purposes. All financial instruments are used in accordance with board-approved policies.

Assuming a 10% downward shift in interest rates at June 30, 1999, the potential loss for changes in fair value of unhedged debt would have been $1.0 billion.

AT&T has a $20 billion commitment from multiple lenders with credit agreements to be finalized upon consummation of the proposed merger with the MediaOne Group.

RECENT PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities. " Among other provisions, it requires that entities recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Gains and losses resulting from changes in the fair values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. This effective date of this standard was delayed via the issuance of SFAS No. 137. The effective date for SFAS No. 133 is now for fiscal years beginning after June 15, 2000, though earlier adoption is encouraged and retroactive application is prohibited. For AT&T this means that the standard must be adopted no later than January 1, 2001. Management does not expect the adoption of this standard to have a material impact on AT&T's results of operations, financial position or cash flows.

YEAR 2000

AT&T is preparing its systems and applications for the year 2000 (Y2K). The issue our Y2K program addresses is the use of a two-digit year field instead ofa four-digit year field in computer systems. If computer systems cannot distinguish between the year 1900 and the year 2000, system failures or other computer errors could result. The potential for failures and errors spans all aspects of our business, including computer systems, voice and data networks, and building infrastructures. We are also faced with addressing our interdependencies with our suppliers, connecting carriers and major customers, all of whom face the same issue.

AT&T's company-wide Y2K program is focused on four interrelated categories which are critical to maintaining uninterrupted service to our customers: AT&T-developed applications and their external interfaces, AT&T networks, information-technology (IT) platforms that support the applications, and non-IT infrastructure.

AT&T's progress in our Y2K program is measured by certain key milestones or phases common to each category of systems. These milestones are: assessment, repair/remediation, testing and certification. AT&T monitors and tracks the progress of our Y2K program through a series of scorecards that capture the activities related to the Y2K process phases.

As of June 30, 1999, AT&T's network services (excluding recently completed acquisitions) are year 2000 compliant. This means they have been assessed for year 2000 impacts, repaired if necessary, tested and fully deployed. For all other systems encompassed in our Y2K program, AT&T anticipates completion of all phases by the third quarter of 1999, which is an extension of our previous time frame due primarily due to the impact of acquisitions and vendor delays in delivering Y2K-compliant software/hardware. The status of TCI's Y2K program is discussed separately from the existing AT&T program. All targets cited herein also exclude information regarding pending acquisitions, whose programs are still being evaluated and planned for integration into the overall AT&T Y2K program.

Program Status

AT&T now has over 3,500 applications that (1) directly support AT&T's voice and data telecommunications services (including wired and wireless); (2) are critical to the provisioning, administration, maintenance and customer service/support related to our telecommunications services; and (3) support our sales and marketing organizations, other AT&T services and internal administrative functions. These applications represent over 380 million lines of code. As of June 30, 1999, AT&T has completed 100% of the assessment and repair and about 98% of the application testing. The certification and deployment of these applications is targeted for completion in the third quarter of 1999.

With respect to external (third-party) interface assessment, formal letters were sent to about 2,000 domestic telecommunications companies and international telecommunications authorities to request information on their Y2K plans and targets for compliance. We have identified over 1,000 different types of third-party interfaces and about 10,000 total instances of those types. As of June 30, 1999, AT&T has assessed approximately 99% of third-party interface types, and approximately 98% are Y2K compliant. We expect to be 100% complete with Y2K certification of external interfaces in the third quarter of 1999.

The AT&T network is critical to providing top-quality, reliable service to AT&T customers. At June 30, 1999, the assessment, repair and certification phases of the operation-support systems (OS) were 100% complete and these systems are now fully deployed. In addition to the AT&T-developed applications supporting the network, AT&T has inventoried about 2,000 unique types (manufactured/model combinations) externally purchased network elements (NE) including switches, routers, network-control points and signal-transfer points. Additional Y2K testing is conducted to independently verify supplier claims of compliance. All of the NEs are now certified. After OS/NE certification is complete, AT&Tperforms integration testing to verify Y2K certification of NEs in conjunction with the associated OS applications. Such integration testing is 100% completed as of June 30, 1999, and all of the NEs are fully deployed.

The IT infrastructure category addresses not only the computing platforms that are critical to the AT&T-developed applications, but also the common modules, communications protocols, the internal AT&T wide-area and local-area networks, desktop hardware/software and the internal voice network. As of June 30, 1999, AT&T was approximately 96% compliant in computing platforms, about 94% compliant in desktops, approximately 98% compliant in voice systems and adjuncts, and about 99% compliant in data networks. AT&T anticipates completion of IT infrastructure certification by the third quarter of 1999.

The non-IT infrastructure focuses on the energy- and environment-management systems that are critical to various computer systems, as well as safety, security and operations. This aspect of the Y2K program encompasses more than 9,000 sites, as well as about 7,000 wireless cell sites. As of June 30, 1999, approximately 98% of all sites completed inventory and about 94% are assessed and compliant (or not impacted). AT&T has targeted 100% site compliance by the third quarter of 1999.

In addition, AT&T is continuing network interoperability tests with a variety of domestic and international testing partners. These tests are designed to exercise the network across a range of our vendors, and across a range of AT&T voice, private line, and data services. We are also testing with key customer and industry segments, including the financial community, insurance, transportation, manufacturing and others. All test results to date have been positive.

Similar to AT&T's Y2K program, the TCI program has a four-phased approach to determining the readiness of systems for Y2K, namely; assessment, remediation, testing and implementation. We anticipate substantial completion of all phases of TCI's program by the third quarter of 1999. TCI is also continuing its efforts to verify the year 2000 readiness of its significant suppliers and vendors and continued to communicate with significant business partners and affiliates to assess such partners and affiliates' year 2000 status.

CostsWe have expended approximately $600 million since inception in 1997 on all phases of the Y2K project. This figure includes approximately $98 million of costs incurred during the second quarter of 1999, of which approximately $14 million represented capital spending for upgrading and replacing non-compliant computer systems and network components. Less than half of the 1999 costs represent internal IT resources that have been redeployed from other projects and are expected to return to these projects upon completion of the Y2K project.
We anticipate remaining Y2K costs for 1999, inclusive of approximately $69 million projected expenditures associated with completing the TCI program, will be approximately $156 million. This projection includes approximately $50 million of capitalized costs.

Risk Assessment
We have assessed our business exposure that would result from a failure of our Y2K program, as well as those of our suppliers, connecting carriers and

major customers. Such failures would result in business consequences that could include failure to be able to serve customers, loss of network functionality, inability to render accurate bills, lost revenues, harm to the AT&T brand, legal and regulatory exposure, and failure of management controls. Although we believe that internal Y2K compliance will be achieved no later than December 31, 1999, there can be no assurance that the Y2K problem will not have a material adverse effect on our business, financial condition or results of operations.

Contingency Plans
AT&T's contingency planning program focuses on 38 critical business processes and many more that are designated as "important" or "support". The plans address all facets of business continuity, including key suppliers, systems/applications, IT infrastructure and work centers. Specific examples of AT&T's contingency plan initiatives include the following:

Plans are under way to engineer additional network capacity and to position AT&T personnel on site at critical locations to monitor operations and manage increases in work and call volumes.

Agreements are being negotiated with contractors and vendors to ensure the availability of on-site technical support. This coverage includes, but is not limited to, network centers and sites, customer-care centers and data centers.

We are planning to proactively stage power, fuel, water, heating, air-conditioning and ventilation sources to support critical business operations and personnel requirements.

Alternate procedures and processes are being developed to support critical customer functions, including alternative procedures for rapid repair, recovery and restoration of critical technology components by business resumption teams.

Procedures to perform database backups, hardcopy printouts, data retention and recovery are being established for business critical data.

Risk Management
In addition to the contingency planning program, AT&T has implemented an Independent Verification and Validation program for applications to validate the quality of application remediation and testing, as well as the continuing compliance of systems put back into production. We also continue to conduct

independent audits across critical areas of the Y2K program.

OTHER MATTERS
On April 30, 1999, AT&T completed its acquisition of the IBM Global Network (IGN) business and its assets in the United States. The acquisition is occurring in phases throughout 1999 as legal and regulatory requirements are met in each of the 59 countries in which the business operates. In June of 1999, the acquisitions of the IGN business in Japan, the United Kingdom and Ireland were completed. The acquisition has been accounted for as a purchase. Accordingly, the operating results of the IGN business have been included in the accompanying consolidated financial statements since the date of acquisition. Intangible assets of approximately $3.9 billion including customer lists and the excess of the purchase price over the fair value of net assets acquired are being amortized on a straight-line basis over periods ranging from five-30 years. The pro forma impact of the IGN business results on historical AT&T results are not material.

On May 3, 1999, AT&T closed the previously announced merger with Vanguard Cellular Systems, Inc. (Vanguard). Consummation of the merger resulted in the issuance of approximately 12.6 million AT&T shares and payment of $485 million in cash. In addition, Vanguard had approximately $550 million in debt, which was subsequently repaid by AT&T. The merger with Vanguard was recorded as a purchase. Accordingly the operating results of Vanguard have been included in the accompanying consolidated financial statements since the date of acquisition. The pro forma impact of Vanguard results on historical AT&T results are not material.

On June 1, 1999, AT&T Canada completed the announced merger with MetroNetCommunications Corp. (MetroNet), Canada's largest facilities-based competitive local exchange carrier (CLEC). The combined companies were renamed AT&T Canada. AT&T owns a 31% stake in the merged entity, which maintains a national network to provide Canadian business customers with local and long distance voice, data, Internet and electronic commerce services as well as wireless services through Rogers Cantel AT&T.

On June 7, 1999, AT&T signed a definitive agreement with Cox Communications, Inc. (Cox) whereby Cox will exchange its AT&T stock for cable television systems that serve approximately 495,000 customers as well as certain other consideration, including cash. Based on the closing price of AT&T stock when the agreement was announced, the transaction is valued at approximately $2.8 billion. The agreement has been approved by the boards of both companies and will be subject to necessary government and regulatory approvals.

On June 29, 1999, the previously announced global venture between AT&T and British Telecommunications plc (BT) received approval from the U.S. Justice Department. The venture has already received approval from the European Commission. The global venture will combine the transborder assets and operations of each company. The venture will be equally owned by both companies when it begins operations. The receipt of certain additional regulatory approvals is required and the venture is expected to be completed in the second half of 1999.

On May 28, 1999, At Home Corporation consummated a merger agreement with Excite, Inc. (Excite), a global Internet media company that offers consumers and advertisers comprehensive Internet navigation services with extensive personalization capabilities. Under the terms of the merger agreement, At Home Corporation issued approximately 116 million shares of its common stock (as adjusted for a June 1999 stock split) for all of the outstanding common stock of Excite based on an exchange ratio of 2.083804 shares of At Home Corporation's common stock (as adjusted for a June 1999 stock split) for each share of Excite's common stock. As a result of the merger, AT&T's economic interest in At Home Corporation (Excite@Home) decreased from 38.8% to 26.5%. Due to the resulting increase in Excite@Home's equity, net of the dilution of AT&T's ownership interest in Exite@Home, AT&T recorded a $466 million increase to additional paid in capital. At June 30, 1999, AT&T owned 63,720,000 shares of Excite@Home Class A common stock (as adjusted for a June 1999 stock split) and has an approximate 58% voting interest on certain matters. During the second quarter of 1999, the stockholders of Excite@Home approved certain changes in the corporate governance of Excite@Home. As a result of these changes, management has concluded that AT&T no longer holds a controlling financial interest in Excite@Home and, accordingly, during the second quarter of 1999, AT&T ceased to consolidate Excite@Home and began to account for Excite@Home using the equity method of accounting. The effect of this deconsolidation was immaterial to

the
consolidated financial statements of AT&T.

SUBSEQUENT EVENTS

On August 2, 1999, AT&T completed its acquisition of Honolulu Cellular Telephone Company from BellSouth.

On August 5, 1999, AT&T and BT announced that they will jointly acquire a 33% stake in Rogers Cantel Mobile Communications Inc. (Rogers Cantel) for approximately $934 million in cash. The investment will be owned equally by AT&T and BT. AT&T and BT also announced that BT will acquired 30% of AT&T's 31% ownership interest in AT&T Canada for approximately $402 million. In addition, Rogers Cantel and AT&T Canada will accelerate the bundling and joint marketing of wired and wireless services for Canadian business customers. The closing of these transactions is expected to take place in late August 1999.

PART II - OTHER INFORMATION

Item 2(c). Changes in Securities and Use of Proceeds.
On June 16, 1999, in a private placement transaction exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended, as a transaction not involving a public offering, the company sold to Microsoft Corporation for an aggregate price of $5 billion newly issued AT&T convertible trust preferred securities with an aggregate face amount of $5 billion and warrants to purchase 40 million shares of AT&T common stock.

The convertible trust preferred securities bear interest at a rate of 5% per annum, payable quarterly, are convertible into 66.7 million shares of AT&T common stock, which is equivalent to a conversion price of $75 per share, have a maturity of 30 years, and the conversion feature can be terminated, under certain conditions, after three years. The warrants will be exercisable in three years to purchase 40 million AT&T common shares at $75 per share. Alternatively, the warrants are exercisable on a cashless basis.

There were no underwriting discounts or commissions. The company intends to use the proceeds to fund working capital and capital expenditures.

Item 4. Submission of Matters to a Vote of Security Holders
(a) The annual meeting of the shareholders of the registrant was held on May 19, 1999.

(b) Election of Directors*

	Votes (Millions)	
Nominee	For	Withheld
C. Michael Armstrong	1,855	18
Kenneth T. Derr	1,855	18
M. Kathryn Eickhoff	1,855	19
Walter Y. Elisha	1,854	19
George M. C. Fisher	1,855	18
Donald V. Fites	1,855	19
Ralph S. Larsen	1,855	18
John C. Malone	1,855	19
Donald F. McHenry	1,854	19
Michael I. Sovern	1,854	19
Sanford I. Weill	1,855	18
Thomas H. Wyman	1,854	19
John D. Zeglis	1,855	18

*In July 1999, Amos B. Hostetter, Jr. was elected as a member of the board of directors.

(c) Holders of common shares voted at this meeting on the following matters,
which were set forth in the registrant's proxy statement dated March 25, 1999.

(i) Ratification of Auditors

	For	Against	Abstain
Ratification of the firm of PricewaterhouseCoopers LLP as the independent auditors to audit the registrant's financial statements for the year 1999.(*)	1,861 (99.75%)	4 (.25%)	8

(ii) Directors Proposals

	For	Against	Abstain	Broker Non-Votes
That the Shareholders approve the amendment to the 1997 Long-Term Incentive Plan.(**)	1,322 (56.23%)	240 (10.28%)	18 (.80%)	292

*Percentages are based on the total common shares voted. Approval of this proposal required a majority of the common shares voted.

**Percentages are based on total number of outstanding common shares. Approval of this proposal required a majority of the outstanding common shares.

(iii) Shareholder Proposals**

	For	Against	Abstain	Broker Non-Votes
That the company establish a cap on CEO compensation.(*)	114 (7.50%)	1,427 (92.50%)	40	292

*Percentages are based on the total common shares voted. Approval of this proposal required a majority of the common shares voted.

**A second shareholder proposal requiring the board to take necessary steps

to
change the Annual Meeting date to the third Wednesday of April was included in
the company's proxy statement but was not submitted at the meeting.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit Number

12	Computation of Ratio of Earnings to Fixed Charges
27	Financial Data Schedule
99.1	Liberty Media Group Financial Results for the Quarter and Year-to-Date Periods Ended June 30, 1999
99.2	Tele-Communications, Inc. Financial Results for the Quarter and Year-to-Date Periods Ended June 30, 1999
99.3	AT&T Unaudited Pro-Forma Condensed Financial Information for the Year Ended December 31, 1998

(b) Reports on Form 8-K

Form 8-K dated May 3, 1999, was filed pursuant to Item 5 (Other Events) and Item 7 (Financial Statements and Exhibits). Form 8-K dated May 7, 1999, was filed pursuant to Item 5 and Item 7.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the
registrant has duly caused this report to be signed on its behalf by theundersigned thereunto duly authorized.

AT&T Corp.

/s/ N. S. Cyprus

By: N. S. Cyprus
Vice President and Controller
(Principal Accounting Officer)

Date: August 12, 1999